

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Conlin Strawberry Water Company, Inc., a California corporation (U-177-W), for Authority to Sell and Del Oro Water Co., Inc. (U-61-W), for Authority to Buy the Conlin Strawberry Water Company Water System in Tuolumne County.

Application 05-12-001
(Filed December 2, 2005)

Investigation on the Commission's Own Motion into the Operations and Practices of the Conlin-Strawberry Water Co. Inc. (U-177-W), and its Owner/Operator, Danny T. Conlin; Notice of Opportunity for Hearing; and Order to Show Cause Why the Commission Should Not Petition the Superior Court for a Receiver to Assume Possession and Operation of the Conlin-Strawberry Water Co. Inc. pursuant to the California Public Utilities Code Section 855.

Investigation 03-10-038
(Filed October 16, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING FOLLOWING
PREHEARING CONFERENCE AND LAW AND MOTION HEARING**

On January 30, 2006, by telephone conference call, a third prehearing conference was held in Application (A.) 05-12-001 and a third law and motion hearing was held in Investigation (I.) 03-10-038. Thomas J. MacBride appeared for Conlin-Strawberry Water Company, Inc. (Conlin-Strawberry). Robert Fortino appeared for the Del Oro Water Company, Inc. (Del Oro). Cleveland Lee and Kerrie Evans appeared for the Division of Ratepayer Advocates (DRA; formerly Office of Ratepayer Advocates). Michael Jackson, Jean Gaskill, and Bill Rugg

appeared for the Strawberry Property Owners' Association (SPOA). Patrick Smith appeared for the Pinecrest Permittees Association. Gary Jennings, realtor, also participated in the call.

SPOA reported that its board of directors had met and decided to support the proposed settlement including the transfer of the system to Del Oro. Based on that report, Del Oro is willing to assume interim management of the system so long as the Water Division approves of substituting Del Oro as the system operator. Lee will ascertain by Friday, February 3, 2006, whether the Water Division and DRA object to Del Oro's assumption of water system management. If there is no objection, Lee will prepare and file by Friday, February 10, 2006, a stipulation reciting the change in water system operator signed by Conlin-Strawberry, Del Oro, DRA, and the Water Division.

The Pinecrest Permittees Association indicated that they are no longer interested in acquiring the water system. Smith generously offered his association's assistance to Del Oro and SPOA in this transition.

The focus of this proceeding is now on preparing and filing a proposed settlement for consideration by the assigned Administrative Law Judge and the Commission. Two documents, at least, should be prepared: (1) a motion to approve the proposed settlement, prepared pursuant to Rule 51 of the Commission's Rules and Procedures; and (2) a detailed settlement agreement, the necessary parts of which should be attached to the motion. Before filing any motion to approve the proposed settlement, settling parties also should ensure whether Rule 51.1(b) has been satisfied.

Lee has offered to draft these two documents in active consultation with other settling parties. If all parties are in agreement, the motion to approve the settlement (including any necessary attachments) may be filed and served on or

before March 1, 2006. If all parties support the proposed settlement, a hearing on the proposed settlement will be held at 10:00 a.m. on Thursday, March 9, 2006, at which time the settling parties shall offer evidence and oral argument as to why the proposed settlement should be approved.

If issues remain unresolved at the end of the February drafting process, Lee shall file and serve a draft of his proposed pleadings on or before March 1, 2006. Other parties may file and serve comments on or before Tuesday, March 7, 2006, and the matter will be taken up at a combined prehearing conference and law and motion hearing at 10:00 a.m. on Thursday, March 9, 2006. During the drafting of the proposed motion and detailed settlement agreement, the parties may request the mediation assistance of ALJ Bushey.

The hearing previously set for Friday, March 10, 2006, is vacated. Conlin-Strawberry's response to DRA's motion to dismiss is postponed until further order.

IT IS SO RULED.

Dated February 2, 2006, at San Francisco, California.

/s/ JOHN E. THORSON
John E. Thorson
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Following Prehearing Conference and Law and Motion Hearing on all parties of record in this proceeding or their attorneys of record.

Dated February 2, 2006, at San Francisco, California.

/s/ ELIZABETH LEWIS
Elizabeth Lewis

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.